(b), so that those parts of § 301.41 (Rule 41) read:

§ 301.41 Maintenance of records.

(a) Pursuant to section 3(e) and section 8(d)(1), of the Act, each manufacturer or dealer in fur products or furs (including dressers, dyers, bleachers and processors), irrespective of whether any guaranty has been given or received, shall maintain records showing all of the required information relative to such fur products or furs in such manner as will readily identify each fur or fur product manufactured or handled.

(b) The records to be maintained under this section shall include copies of all purchase orders, sales contracts, processing and pick-up orders, invoices, business correspondence, manufacturing records, advertising matter, and all other data showing:

* * * * *

(11) The sale or other disposition of each fur handled and fur product manufactured or handled.

(12) That the requirements of § 301.19 (Rule 19) have been complied with.

In connection with the aforesaid action, the Commission announces that the following method may be used for detection of parts per million of iron and copper in hairs from fur pelts including hairs from mink pelts.

Procedure for detection of parts per million of iron and copper in hairs from fur pelts including mink hairs

A recommended method for preparation of samples would be:

Carefully pluck hair samples from 10 to 15 different representative sites on the pelt or garment. This can best be accomplished by using a long nose stainless steel pliers with a tip diameter of one-sixteenth inch. The pliers should be inserted at the same angle as the guard hairs with the tip opened to one-quarter inch. After contact with the hide, the tip should be raised about one-quarter inch, closed tightly and pulled quickly and firmly to remove the hair.

Place an accurately weighed sample of approximately 0.1000 grams of mink hair into a beaker with 20 ml. concentrated nitric acid. Evaporate just to dryness on a hot plate.

If there is any organic matter still present, add 10 ml. of concentrated nitric acid (see footnote) and again evaporate just to dryness on a hot plate. This step should be repeated until the nitric acid solution becomes clear to light green. Add 10 ml. of 1 percent hydrochloric acid to the dried residue in the beaker. Warm on a hot plate to insure complete solution of the residue.

A recommended analytical procedure would be atomic absorption spectrophotometry. In testing for iron, the atomic absorption instrument must have the capability of a 2 angstrom band pass at the 2483 A line.

When analyzing for iron, the air-acetylene flame should be as lean as possible.

A reagent blank should be carried through the entire procedure as outlined above and the final results corrected for the amounts of iron and copper found in the reagent blank.

FOOTNOTE: If facilities are available for handling perchloric acid, a preferred alternate to the additional nitric acid treatment would be to add 2 ml. of perchloric acid and 8 ml. of nitric acid, cover the beaker with a watch glass and allow the solution to become clear to light green before removal of the watch glass and evaporation just to dryness.

Effective date. The aforesaid amendments shall become effective upon publication in the FEDERAL REGISTER.

The amendments to § 301.39 (Rule 39) grant exemption and relieve restriction and may properly become effective immediately.

In connection with the proposed amendments to §§ 301.19 (Rule 19) and 301.40 (Rule 40), the Commission hereby finds that there is good cause for such amendments to become effective immediately. It is found that fur auctions, where substantial numbers of fur pelts subject to the provisions of amended §§ 301.19 and 301.40 will be transferred, will occur in New York, N.Y., in January 1969.

In order that manufacturers, processors, dealers, and the purchasing public may be properly informed as to whether fur pelts transferred at such auctions and products manufactured from such pelts are to be classified as artificially colored, it is in the public interest for such amendments to be in effect reasonably contemporaneous with the time of the aforementioned auctions and that the pelts be properly classified at the beginning of the manufacturing and marketing processes.

The action in this proceeding is taken pursuant to the authority given to the Federal Trade Commission under paragraph (b) of section 8 of the Fur Products Labeling Act (65 Stat. 179; 15 U.S.C. 69f) which provides:

(b) The Commission is authorized and directed to prescribe rules and regulations governing the manner and form of disclosing information required by this Act, and such further rules and regulations as may be necessary and proper for purposes of administration and enforcement of this Act.

This action relative to exempted fur products is also taken pursuant to the further authority given the Federal Trade Commission under section 2(d) of the Fur Products Labeling Act (65 Stat. 175; 15 U.S.C. 69) which provides:

(d) The term "fur product" means any article of wearing apparel made in whole or in part of fur or used fur; except that such term shall not include such articles as the Commission shall exempt by reason of the relatively small quantity or value of the fur or used fur contained there.

Issued: January 7, 1969.

By the Commission.[1]

[SEAL] JOSEPH W. SHEA, *Secretary.*

[F.R. Doc. 69-326; Filed, Jan. 9, 1969; 8:47 a.m.]

[1] Commissioners Elman and Jones not concurring.

Title 17—COMMODITY AND SECURITIES EXCHANGES

Chapter II—Securities and Exchange Commission

[Release No. 33-4940]

PART 231—INTERPRETATIVE RELEASES RELATING TO THE SECURITIES ACT OF 1933 AND GENERAL RULES AND REGULATIONS THEREUNDER

References to Certain Financial Services in "Tombstone" Advertisements

The Securities and Exchange Commission today made public a letter of the Chief Counsel of its Division of Corporate Regulation dealing with a Commission interpretation of section 2(10) of the Securities Act of 1933 and Rule 134 thereunder regarding the scope of the section and the rule as they relate to shares of investment companies. The letter sets forth the limited circumstances under which references to other financial services such as banking and insurance in investment company "tombstone" advertisements would not be inconsistent with section 2(10)(b) and Rule 134.

The text of the letter follows:

You have inquired as to the Commission's current position on the scope of section 2(10) of the Securities Act of 1933 and Rule 134 thereunder as they relate to shares of investment companies.

As you know, section 2(10)(b) of the Securities Act and the rule exclude certain communications from the definition of the term "prospectus" in the first clause of section 2(10) of the Act if certain conditions are met. The Commission has recently considered this matter and determined that references to other financial services such as banking and insurance in investment company tombstone advertisements would not be inconsistent with Rule 134, in the absence of usage or circumstances which tend to transform such advertisements into selling media for the investment company or the other financial services.

I would like to make clear that the interpretation relates only to tombstone advertisements by or on behalf of investment companies. Advertisements or other notices published by banks, insurance companies or others offering other services should of course also comply with section 2(10)(b) and the rule to the extent that references are made to the shares of investment companies.

The view of the Commission is based upon the assumption that references in investment company tombstone notices otherwise complying with section 2(10)(b) and the rule would be limited to simple identification statements; for example, the statement that insurance from a specified insurance company is available in connection with purchase of fund shares. Statements which go beyond this and, for example, attempt to list or discuss the advantages of insur-

ance or of a particular insurance arrangement would in all probability not come within this interpretation of section 2(10)(b) and Rule 134.

By the Commission.

[SEAL] ORVAL L. DUBOIS, *Secretary.*

DECEMBER 23, 1968.

[F.R. Doc. 69-301; Filed, Jan. 9, 1969; 8:45 a.m.]

[Release IC-5569]

PART 271—INTERPRETATIVE RELEASES RELATING TO THE INVESTMENT COMPANY ACT OF 1940 AND GENERAL RULES AND REGULATIONS THEREUNDER

Staff Interpretive Positions Relating to Rule 22c-1

The Securities and Exchange Commission today called attention to interpretive positions its Division of Corporate Regulation has taken relating to Rule 22c-1 which was adopted on October 16, 1968 (Investment Company Act Release No. 5519) and becomes effective at the commencement of business on January 13, 1969.

The staff interpretive positions summarized in this release were taken in response to inquiries directed to the staff. While the views expressed by the staff as set forth in this release are those of persons who are continually working with the provisions of the statutes and rules involved and can be relied upon as representing the views of the division in which they originate, the public is cautioned that the opinions expressed in this release are not, and do not purport to be an official expression of the Commission's views.

The text of the questions together with the responses of the Division of Corporate Regulation follow:

1. The rule requires that a transaction for a customer in the shares of an investment company must be at the price "which is next computed after receipt" of the customer's order. The "next computed" price means the next price which goes into effect after receipt of the order. However, the question has arisen whether it is the time of receipt of an order by a dealer or by the fund underwriter which will control the price at which the order is executed. To put the question in a concrete example, assume that a dealer receives a customer's order at 3:15 p.m. and it is time-stamped at that time. The order is transmitted by telephone in the regular course of business from the order room of the dealer to the underwriter of the fund where it is received at 3:45. The fund prices its shares in accordance with Rule 22c-1(b), at 3:30 p.m. at the close of trading on the New York Stock Exchange. Under these circumstances, would the order in question be priced as of 3:30 p.m., i.e., the price next computed after receipt of the order by the dealer, or a price as of the first pricing of the fund on the next business day? If the time of receipt of the order by the dealer is controlling must the underwriter independently verify whether the order is properly entered?

Rule 22c-1 provides that the price at which redeemable investment company shares shall be sold shall be a price based on the net asset value next computed after the order to purchase the security is received. The rule contemplates that the time of receipt of the order by the retail dealer is controlling. It is the responsibility of the retail dealer to establish procedures which would assure that upon his receipt of a customer's order it will be transmitted so that it will be received by the underwriter before the time when the price applicable to the customer's order expires, except that where the price is based on the net asset value at the close of the Exchange (e.g., 3:30) it should be transmitted before the close of the underwriter's business day.

When the dealer transmits the order to the underwriter the dealer should inform the underwriter of the exact time the dealer received the order. However, if the dealer's first transmission of the order is by telephone or teletype, it will ordinarily be sufficient if at that time he represents that the order was received by him at a time entitling the customer to the price applicable at a specified time: *Provided*, That when he later confirms the order in writing he furnishes to the underwriter detailed information as to the specific time when the order was received. The underwriter would be required to time-stamp the order as of the time of its initial receipt by him from the dealer (whether by telephone, telegraph or any other means), and the underwriter should retain in his records the dealer's written confirmation showing the dealer's statement of the time the dealer received the order from his customer.

The following examples are intended to illustrate how the pricing provisions apply: The fund prices at 1 p.m. and 3:30 p.m.

(a) A dealer receives a customer's order before 1 p.m. The 1 p.m. price would be applicable and the dealer should assure that the order is received by the underwriter prior to 3:30 p.m.

(b) A dealer receives a customer's order after 1 p.m. but before 3:30 p.m. The 3:30 p.m. price would be applicable and the dealer should assure that the order is received by the underwriter prior to the close of the underwriter's business day.

(c) A dealer receives a customer's order at 4 p.m. The 1 p.m. price on the next business day would be applicable and the dealer should assure that the underwriter receives the order prior to 3:30 p.m. on such next day. (See also the answer to question 4(b).)

2. Rule 22c-1 refers to the current net asset value of an investment company security as being "computed." Does the word "computed" as used in the rule require a pricing of each portfolio security or can an appropriate formula be used in determining net asset value?

As used in the rule, the word "computed" does require a pricing of each portfolio security not less frequently than once daily as of the time of the close of trading on the New York Stock Exchange. This requirement does not foreclose additional computations using an appropriate formula at times when such Exchange is open for trading. It is the responsibility of those pricing such shares to make certain that the formula is a fair one and results in a price which is a reasonable reflection of current net asset value.

3. In connection with a voluntary or contractual plan for the accumulation of shares of a particular investment company or the automatic liquidation of shares pursuant to a withdrawal program, the investor deals directly with a custodian bank under procedures which are disclosed in each fund prospectus. The custodian bank collates and processes the various payments received on a particular day and at the completion of the processing notifies the fund underwriter of purchases and liquidation of shares. The time of notification and the time at which such orders are priced as a result of such notification varies somewhat from company to company. Generally speaking, notification is usually made within two business days after receipt by the bank of a customer's instructions and pricing is done as of the close of business of the day on which such instructions are received by the bank or as of the close of the following day. Assuming that in no event would the pricing be done as of a time prior to the actual receipt of the instructions by the custodian bank; that these transactions form part of a systematic investment program; and are entered by mail by customers or in the case of withdrawal accounts are automatic and involve no investment decision, is there any objection under the provisions of Rule 22c-1 if custodian banks and fund underwriters continue to follow the pricing practices described herein?

Under the circumstances set forth in the question dealing with the time of pricing shares with respect to instructions received by custodian banks for purchases of shares under systematic plans and liquidation of shares in withdrawal programs, there would be no objection if the price is determined on the basis of the closing price of the day that the bank receives the customer's instructions. In order to assure proper pricing, the bank should date-stamp each customer's instruction on receipt.

4. (a) What is the preferred procedure to be followed in conforming the present language in prospectuses to the requirements of Rule 22c-1 with respect to the pricing methods of investment companies?

It would be preferable, if the only change in a prospectus is to conform present pricing language to the requirements of Rule 22c-1, that such a change be accomplished by the filing of a supplemental prospectus pursuant to Rule 424 under the Securities Act and not by posteffective amendment to a registration statement. At least three additional copies of the supplemental prospectus, clearly marked to show the changes, should be forwarded to the chief of the branch which has been processing previous filings of the registrant.

(b) Would the following be acceptable as disclosure in the prospectus of pricing procedures under Rule 22c-1 assuming a particular fund would continue to price twice a day at 1 p.m. and 3:30 p.m.[1]

Effective on January 13, 1969, the public offering price will continue to be computed twice daily at 1 p.m., and at the close of the New York Stock Exchange, normally 3:30 p.m., New York City time. The offering prices so determined will become effective as of 1 p.m. and 3:30 p.m. Orders for shares of the fund received by dealers prior to 1 p.m. New York City time and received by the underwriter prior to 3:30 p.m. New York City time will be confirmed at the offering price effective 1 p.m. on the same date; orders received by dealers after 1 p.m. and prior to 3:30 p.m. New York City time and received by the underwriter prior to ——— p.m. [time zone] [close of the underwriter's business day] will be confirmed at the offering price effective at 3:30 p.m. Orders received by dealers subsequent to 3:30 p.m. New York City time and prior to 1 p.m. New York City time of the next business day and received by underwriters prior to 3:30 p.m. of the next business day will be confirmed at the offering price effective at 1 p.m. on that next day.

The proposed language would be an acceptable method of disclosing pricing

[1] Companies desiring to price once a day or at more frequent intervals than twice a day should make appropriate adjustments in the sample language.

procedures pursuant to Rule 22c-1. Of course, adequate disclosures of repurchase and redemption procedures would also have to be made.

The Commission expects to release additional staff interpretations on the rule from time to time as the need arises.

[SEAL] ORVAL L. DUBOIS, *Secretary.*

DECEMBER 27, 1968.

[F.R. Doc. 69-302; Filed, Jan. 9, 1969; 8:46 a.m.]

Title 19—CUSTOMS DUTIES

Chapter I—Bureau of Customs, Department of the Treasury

[T.D. 69-20]

PART 10—ARTICLES CONDITIONALLY FREE, SUBJECT TO A REDUCED RATE, ETC.

International Organizations

By Executive Order No. 11439, signed December 7, 1968, the President having found that the Lake Ontario Claims Tribunal has discharged its functions and adjourned, revoked Executive Order No. 11372 of September 18, 1967, which designated the Lake Ontario Claims Tribunal as a public international organization entitled to enjoy the privileges, exemptions, and immunities conferred by the International Organizations Immunities Act of December 29, 1945.

The list of public international organizations currently entitled to free-entry privileges in § 10.30a(a) of the Customs Regulations is, therefore, amended by deleting all the information relating to the Lake Ontario Claims Tribunal under the alphabetical listing under the heading "Organization".

(80 Stat. 379, R.S. 251; 5 U.S.C. 301, 19 U.S.C. 66)

[SEAL] EDWIN F. RAINS, *Acting Commissioner of Customs.*

Approved: December 30, 1968.

JOSEPH M. BOWMAN, *Assistant Secretary of the Treasury.*

[F.R. Doc. 69-323; Filed, Jan. 9, 1969; 8:48 a.m.]

[T.D. 69-19]

PART 18—TRANSPORTATION IN BOND AND MERCHANDISE IN TRANSIT

PART 25—CUSTOMS BONDS

Carriers of Bonded Merchandise

Public Law 90-240, approved January 2, 1968, further amended section 551 of the Tariff Act of 1930 to permit the Secretary of the Treasury in his discretion to designate a private carrier, upon application, as a carrier of bonded merchandise, subject to such regulations and to such special terms and conditions as the Secretary may prescribe to safeguard the revenues of the United States with respect to the transportation of bonded merchandise.

On June 21, 1968, there was published in the FEDERAL REGISTER (33 F.R. 9177) a notice of proposed amendments to the Customs Regulations to give effect to Public Law 90-240. After consideration of all information received including written submissions from interested parties, changes in the amendments proposed have been made (1) to permit a private carrier to transport to his warehouse merchandise purchased from an importer as well as merchandise imported by the private carrier, and (2) to extend the provisions for transportation of merchandise to the customs bonded warehouse of a private carrier to include such transportation from the port of entry as well as from the port of importation. Accordingly, the Customs Regulations are hereby amended as follows:

Paragraph (a), footnote 1 appended to paragraph (a), and paragraph (c) of § 18.1 are amended to read as follows:

§ 18.1 Carriers; application to bond.

(a) Merchandise to be transported from one port to another in the United States in bond, except as provided for in paragraph (b) of this section, shall be delivered to a common carrier, contract carrier, freight forwarder, or private carrier bonded for that purpose, but such merchandise delivered to a common carrier, contract carrier, or freight forwarder may be transported with the use of the facilities of other bonded or nonbonded carriers.[1] For the purposes of this section, the term "common carrier" means a common carrier of merchandise owning or operating a railroad, steamship, or other transportation line or route.

* * * * *

(c) (1) A common carrier, contract carrier, or freight forwarder of merchandise may be authorized to receive merchandise for transportation in bond provided there is filed with the district director of customs concerned:

(i) A bond on customs Form 3587 in a sum to be determined by the district director, accompanied by the fee prescribed by § 24.12 of this chapter;

(ii) In the case of a common carrier, a certified extract of its charter showing that it is authorized to engage in common carriage, and a statement that it is operating or intends to operate as a common carrier. No such extract or statement need be submitted by a railroad, steamship, or airline company generally known to be engaged in common carriage;

(iii) In the case of a contract carrier, a certificate from the appropriate agency of the United States showing that the carrier is authorized to operate as a contract carrier by that agency, and a statement showing that it is operating or intends to operate as a contract carrier;

(iv) In the case of a freight forwarder, a certificate from the appropriate agency of the United States showing that the applicant is authorized to operate as a freight forwarder by that agency, and a statement showing that it is operating or intends to operate as a freight forwarder.

(2) A private carrier of merchandise may be authorized to receive merchandise for transportation in bond provided:

(i) The private carrier is the proprietor of a customs bonded warehouse;

(ii) The merchandise to be transported is the property of the private carrier, having been imported by the carrier or purchased from another importer;

(iii) The merchandise is to be transported from the port of importation or the port of entry for warehouse to the private carrier's customs bonded warehouse for physical deposit;

(iv) There is filed with the district director of customs for the district in which the private carrier's customs bonded warehouse is located a bond on customs Form 3588 in a sum to be determined by the district director accompanied by the fee prescribed by § 24.12 of this chapter. If the private carrier is the proprietor of customs bonded warehouses in two or more customs districts to which imported merchandise will be transported, the carrier shall file the bond with the district director for one of such districts, accompanied by a statement showing the location of each such warehouse and an additional copy of the bond for each additional district.

* * * * *

Section 18.2 is amended to add a new paragraph (d) to read:

§ 18.2 Receipt by carriers; manifest.

* * * * *

(d) In addition to the foregoing, any entry for immediate transportation presented at the port of arrival for merchandise to be transported in bond by private carrier shall be accompanied by a commercial invoice setting forth the particulars of the merchandise and a statement in the following form verified by the district director of customs of the

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[1] Under such regulations and subject to such terms and conditions as the Secretary of the Treasury shall prescribe—

(1) Any common carrier of merchandise owning or operating a railroad, steamship, or other transportation line or route for the transportation of merchandise in the United States,

(2) Any contract carrier authorized to operate as such by any agency of the United States, and

(3) Any freight forwarder authorized to operate as such by any agency of the United States,

upon application, may, in the discretion of the Secretary, be designated as a carrier of bonded merchandise for the final release of which from customs custody a permit has not been issued. A private carrier, upon application, may, in the discretion of the Secretary, be designated under the preceding sentence as a carrier of bonded merchandise, subject to such regulations and, in the case of each applicant, to such special terms and conditions as the Secretary may prescribe to safeguard the revenues of the United States with respect to the transportation of bonded merchandise by such applicant. (19 U.S.C. 1551.)